

on the Senate floor. The committee and floor debate, amendment votes, both pro and con, made a very real difference. The product of that process, the budget resolution that we will vote on as the last vote probably this week, the product made a real difference.

Those budget resolutions, though not perfect, provided me, while I was chairman of the Finance Committee, with the budget resources to deal with the policy demands on the Finance Committee. Most often, I used these resources to guide the Finance Committee, usually in a bipartisan manner, to deal with short-term, midterm, and even long-term problems. Last year was different. After the people spoke in the November 2006 elections, control of the Senate changed from Republican to Democrat, and the budget resolution was basically a Democratic resolution.

This year we see some repetition of last year's dramatically different fiscal path. As with the rest of the Budget Committee Republicans, I learned about this resolution for the first time when the chairman of the Budget Committee put the markup document before the committee. Committee Democrats were consulted extensively, along with the Democratic caucus. Most of the Republicans' knowledge prior to markup was derived from what we read in the press. I don't say this to be critical of the Democratic leadership. It is unfortunate but perhaps necessary that budgets are usually partisan documents. So I would say, with all due respect to the chairman, the chairman's mark was developed exclusively by Democrats in a partisan fashion.

Republicans, during committee markup, used that markup to educate ourselves, others on the other side, and the public. We asked questions. I pursued questions about how this budget deals with the resources and demands that fall on Senator BAUCUS and me in our respective roles as chairman and ranking member of the Finance Committee. We offered a relatively small number of amendments. Most were defeated; some accepted.

On reforming farm program payment limits, I am pleased to say Senator ALLARD's amendment prevailed on a roll-call vote. That amendment improved this resolution, though not enough to gain the support of Senator ALLARD, this Senator, or any other Republicans.

Before I discuss the substance of the budget, I want to start off by complementing the chairman of the committee and his staff. They conducted the markup in a professional manner. The Democratic and Republican members have sharp, well-intentioned reasons for coming down in different places on the budget resolution. We were able to debate those differences in a full and fair manner.

I know if Senator GREGG were here speaking today, he would make these points as well. We are at the Senate floor stage of the budget on process. What I would like to do is step back and take a look at the budget from

three vantage points. It is kind of like we farmers do before planting season. We look at the condition of the soil and prospects of various crops. The first vantage point will be looking at what the budget purports to do. From this angle, I am going to look at what the Democratic leadership says the budget is designed to do and whether those purposes make sense from a fiscal standpoint. The second vantage point will be looking at how well the budget carries out its stated purpose. The third vantage point will be looking at what the reconciliation would mean for the Senate. I will address the reconciliation in a separate speech later. I believe I will wait until tomorrow to do that.

Let's start off with the first question: What does the Democratic leadership say this budget is designed to do? Then, after stating what they say it does, we need to look at the fiscal consequences of that policy.

The budget's proponents claim it is all about fiscal responsibility. There are two basic parts to the Federal ledger: the revenue part and the spending part. If we spend more than we take in, then the Treasury sells more debt. This has been the pattern of much of the post-World War II period. If we spend less than we take in, then the Treasury buys back debt.

When we look at this budget over the short term, it contains a material increase in spending. Over the next fiscal year, the discretionary spending rises by 9 percent over last year's spending.

Now, how many Americans got a 9-percent raise? How many American families raised their discretionary household spending by 9 percent? On the spending side of the ledger, spending, then, goes up, and I say fairly dramatically. You would think proponents of fiscal responsibility would be looking at spending cuts, not 9 percent increases.

It is a different story on the other side of the ledger, the revenue side. Let me start off with one smidgeon of good news on the revenue side in this budget resolution. The alternative minimum tax patch expired the first day of this year. If that patch is not addressed, 25 million families, most of them middle-income families, would pay an average of at least \$2,000 in AMT this year. The chairman reduced the revenue baseline by \$62 billion, which is a revenue loss from extending that patch. All middle-income Americans ought to thank the chairman of the Budget Committee—and I thank him on the Senate floor right now—for that provision.

Unfortunately, for years beyond 2008, pay-go still applies, so there is a big Senate hurdle built into this budget to patching the alternative minimum tax in years beyond 2008.

The rest of current law expired or expiring tax relief provisions will need to be offset with other tax increases. There are also several bipartisan tax bills that would require offsetting tax increases under this budget. That is a

very large tax increase over the next fiscal year. My staff calculates that tax increase to be roughly \$150 billion.

The definition of "fiscal responsibility" under this budget, over the fiscal year, is higher spending of \$22 billion and higher taxes of \$150 billion. Is that a legitimate fiscal goal? Is that the notion of fiscal responsibility the American people were looking for when they turned congressional power over to the Democrats in November 2006? Did we in Congress misread those results? Did the people really want us to increase spending and to raise taxes?

Now, that is not what I am hearing from back home. What I heard from folks across Iowa was: Rein in spending. Live within your means.

It seems to me if you are going to assume the mantle of fiscal discipline, you ought to treat a dollar of new tax relief the same as a dollar of new spending.

What do I mean by "new spending?" I mean spending above the Congressional Budget Office baseline. And what do I mean by "new tax relief?" I mean new tax policy that loses revenue. I do not mean extension of existing tax policy.

We see the same pattern over the 5-year period of this budget. Over 5 years, the tax hike and the spending increases grow exponentially. On the spending side, discretionary spending grows by \$211 billion. When you throw in the special reserve funds, you can add another \$300 billion in new spending on top of that.

Over the 5 years, the budget assumes a dramatic tax increase—at least \$1.2 trillion. In 2011, the bipartisan tax relief plans of 2001 and 2003 will expire. Some folks will call these provisions the Bush tax cuts. It is true President Bush signed both bills, but the bipartisan compromises occurred in the Finance Committee. In 2011, President Bush will have been gone from office by more than 2 years. He will probably be hanging around his ranch in Crawford, TX. You can call this package of tax relief for virtually every American the Bush tax cuts, but for the taxpayer, if we let them expire, it will be a big tax increase, and it will be a big tax increase that will happen without even a vote of Congress.

So I have a couple charts in the Chamber. The charts use the analogy of a brick wall to show the ugly tax increases Americans are going to face.

On this chart, you see a family of four. That is the average American family. Here is the husband, his wife, and two children. The family makes \$50,000 a year in income. That is right about the national median household income today. For example, the Census Bureau stated, for 2006, the national median household income was \$48,200.

Under the Democratic leadership's budget, this family will face a tax increase of \$2,300 per year. You see the figure \$2,300 for that family of four. That is a loss in their paycheck of about \$200 per month. It is a hit on